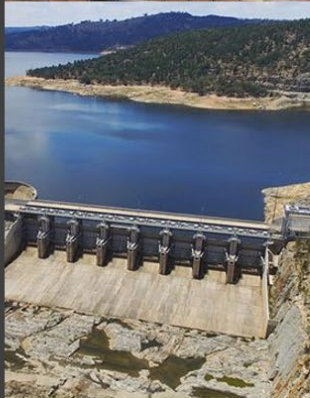




2020 Annual General Meeting

27th October 2020





I would like to take this opportunity to thank you as fellow shareholders for your ongoing support of Saunders. I am very pleased to note that the Company has returned to profitability in FY20.

The revenue in FY20 of \$66 million was 33% more than the \$50 million achieved in the prior year. The net profit after tax for FY20 was \$1.3 million which is a \$2.9 million improvement over the prior year.

The above improvement in revenue and profit validates the FY19 restructure and adoption of the new operating model, organisational structure and strategic direction. Revenue and profit in FY20 were generated from the expanded range of services that Saunders is able to offer to its clients.

In the second half of FY20, Saunders faced the challenges of the COVID-19 pandemic. I am very pleased with the pro-active way in which the management team swiftly implemented a wide range of appropriate policies, protocols and measures to ensure the safety of its employees, clients and the communities in which it operates. This action has contributed to Saunders being able to continue safely working at all worksites.

The projects in the second half of FY20 were affected by a wide range of COVID-19 related factors. Mark Benson, in his address to follow, will provide some detail on the more significant COVID-19 related factors that impacted Saunders profitability in FY20 and continue into this financial year.

During FY20, Saunders was awarded a record value of new contracts, enabling it to start FY21 with an order book of \$110 million. This order book is composed of significant contracts for customers in a diverse range of sectors, including defence, water, road, rail, mineral processing and oil and gas. This record order book is further validation that the FY19 restructure, new operating model and strategic direction has transformed the Company's ability to grow revenue and profitability in a sustainable way going forward.

During this past year, the focus on working capital management has enabled Saunders to finish FY20 with a strong balance sheet including \$11 million of cash and cash equivalents and no interest-bearing debt except for financial leases. The Company has also tripled its bonding facility to \$15 million to support the increased order book with headroom going forward.

As we have disclosed in earlier ASX announcements our FY21 budget revenue will increase by approximately 50% over the prior year. The board and management are aware of the challenge presented by this growth in activity. The focus is on monitoring and managing the operational performance needed to deliver this significantly larger turnover, whilst continuing to satisfy our customers' expectations and achieving our profitability objective. We have expanded our management team with the necessary experience, and we have improved our operating and safety systems during the FIX phase to be able to handle increased turnover.

The new projects outlook for Saunders is positive. Most of the business sectors and clients relevant to Saunders are forecast to increase their capital expenditure over the coming years:

- New road, rail and water infrastructure is forecast to grow with government spending increasing to bolster economic activity. Saunders is well positioned to benefit from this.
- The defence sector is forecast to expand infrastructure for liquid fuel storage across many defence bases. Saunders has contracts at 3 of these bases and should be well qualified to participate in similar defence projects as they emerge.
- The Federal Government has proposed to facilitate the investment required to increase the capacity of strategic liquid fuel storage on Australian soil. Saunders is well placed to participate in the specific projects which are selected to fulfil this Federal Government objective.

I wish to welcome Nick Yates who has recently joined the board of Saunders. He has more than 30 years of experience in engineering services and construction. For the last 7 years he has been the Managing Director and CEO of BSA Limited, an ASX listed technical services and field solutions company. Prior to that, he had a successful career as a senior executive of Transfield Services. I am confident that he will be a valuable contributor to the board and to the future success of Saunders.

The safety of our employees is our highest priority. We continually review safety performance and invest in improvements in safety processes and systems. I am pleased that proactive and ongoing management and employee involvement has enabled the Company to achieve the milestone of 2.9 million manhours without a lost time injury. The board and management are committed to continual improvement of our systems, procedures and safety culture.

I thank my fellow directors and on behalf of the board, I wish to thank all Saunders employees for their efforts during the year.



Thank you Tim.

I would like to also extend a warm welcome to the Saunders International shareholders.

At Saunders, we know that our success is built on the foundations of our people and I would like to take this opportunity to thank all our employees for their contribution in FY20 and to date in FY21.

Our highest priority is to keep our people safe and we have been even more focussed through the COVID-19 pandemic, which we will go through in more detail further in the presentation.

We are really proud of the way that our employees across the group made a positive contribution to support one another, our customers, and our communities through these challenging times.

Board of Directors and Management



Timothy Burnett
Chairman



Mark Benson
Managing Director &
Chief Executive Officer



Greg Fletcher
Non-Executive Director



Nick Yates
Non-Executive Director



Rudy Sheriff
Chief Financial Officer



Jonathon Bromilow
General Manager
Civilbuild



Rick Burke
Operations Manager
Construction/
SHEQ Manager



Matthew Redmond
Operations Manager
Maintenance



Steve Bailey
Operations Manager
Asset Services



Kale Notley
People & Capability
Manager



Claude Poffandi
Commercial Manager

We now have an established leadership team, and I am confident that their experience coupled with Saunders renewed systems and processes will ensure the successful delivery of our current order book.

As introduced by Tim, we are looking forward to working with Nick and the rest of the Board in the next phase of our strategic plan.



Managing Director's Address



Mr. Mark Benson

Last year I spoke about FY20 being the year that Saunders completes the turnaround phase of its Strategic plan. With the implementation of the new operating model and organisational structure we delivered improved operational and financial performance across the business.

The leadership team and I have been working through a structured process to ensure the Growth phase of the Strategic plan is being executed to ensure the business remains in a strong position of growth and profitability.

Over the next few slides, I will go into a bit more detail on our;

- Safety Performance
- COVID-19 impacts
- Financial results for FY20
- Our growth platform
- Our strategic priorities and
- The Outlook for the Group



During the year, the business maintained its high safety standard and recorded a Total Recordable Injury Frequency Rate or TRIFR of 1.56 over the past 12mths. We are also proud that we have maintained our Loss Time Injury free record which is now reported as LTI free for 2.9 million man hours in September.

We have had an improvement in our safety metrics over the year and Saunders remains committed to achieving our goal of zero harm to our people.

Whilst we have seen a decrease in our injury severity, it is equally pleasing that our near miss reporting behaviors continue to improve.

COVID-19 Update



- Proactive measures implemented to ensure business continuity
- All sites and offices are COVID safe compliant.
- Renewed policies and processes activated across the Group
- Disciplined focus on working capital management resulting in strong cash flow from operations

Key COVID-19 Project Issues:

- Logistics
- Material supplies
- Border closures & resource allocation
- Productivity due to changed shifts on certain sites and increased social distancing across all sites.

With the continuing uncertainty of COVID-19 we understand the need to be agile and adapt to the changing environment and we have taken all preventive measures to ensure the safety of our employees, clients and the communities in which we operate within.

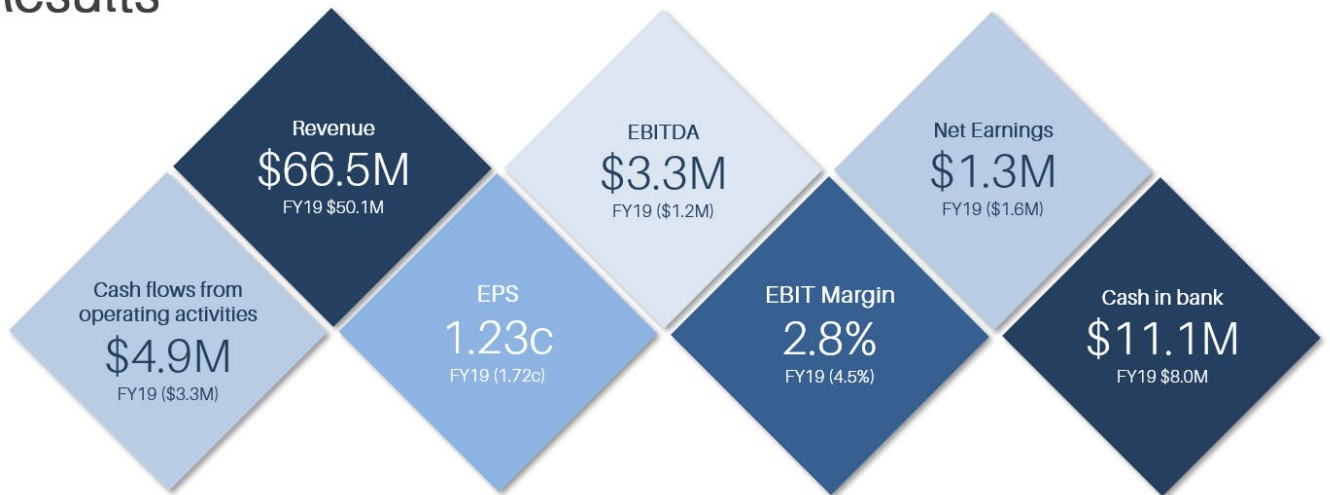
The business has been proactive with our response to the COVID-19 pandemic and we have developed and implemented policies and protocols across all sites to ensure the business is best placed to mitigate impacts of COVID-19, to date we have not had a positive case in the business.

Saunders has been impacted by COVID-19 in the following ways;

- reduced productivity through a combination of increased social distancing measures and changes to work shifts on certain sites.
- the business has also been impacted by procurement delays of plates from our international suppliers, mainly due to shipping delays, this has been mostly mitigated through by our ability to engage our national panel of suppliers.
- We have also been impacted by border closures & the restriction to move resources between projects.

Our financial position remains strong and our continued focus on working capital will ensure that the business we will have the flexibility to continue its growth strategy.

Our Results



I am pleased that over the past 12 months the business achieved the objectives set out in June of last year and delivered a significantly improved financial performance.

As mentioned earlier we have completed the FIX phase of our strategy and the key focus for FY20 & 21 is to execute the GROW phase. I am satisfied that we are delivering on this strategy which is validated by over \$100 million of new work awarded in the second half of FY20 and a further \$36 million of new work awarded in FY21.

FY20 has seen revenue for the Group, increase 33% to \$66.5m. FY20 was highlighted by the following events:

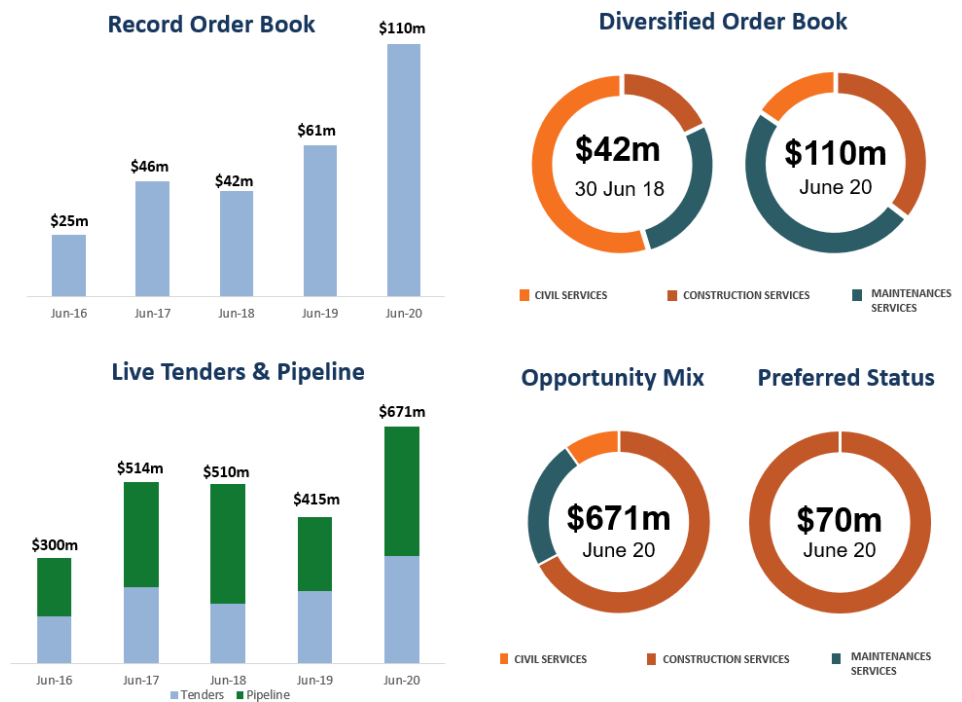
- We returned to profit and reported positive operating cash flow of \$4.9 million and have maintained a strong balance sheet.
- We have been awarded over \$100m in new contracts in the second half of FY20 including major contracts with Sydney Water, Dialog/VOPAK, NAVFAC and BP.
- We successfully entered the Defence sector and have completed one project and a further two projects underway, added to this we have been awarded a further contract with Laing O'Rourke for Defence valued at \$26 million.
- Also during the last few months, we have been awarded a further \$10 million in multiple project wins across the group.
- We secured an extra \$10million bonding facility, which tripled Saunders' capacity to provide security up to a new limit of \$15 million.

Saunders financial health has strengthened through a strong balance sheet including cash and cash equivalents of \$11.1m as at 30 June 2020. We have continued to focus on the management of working capital and this disciplined approach has been a principal driver in the strong cash flow reported.

Positioned for Growth

Current orderbook at
30 September 2020

\$103m



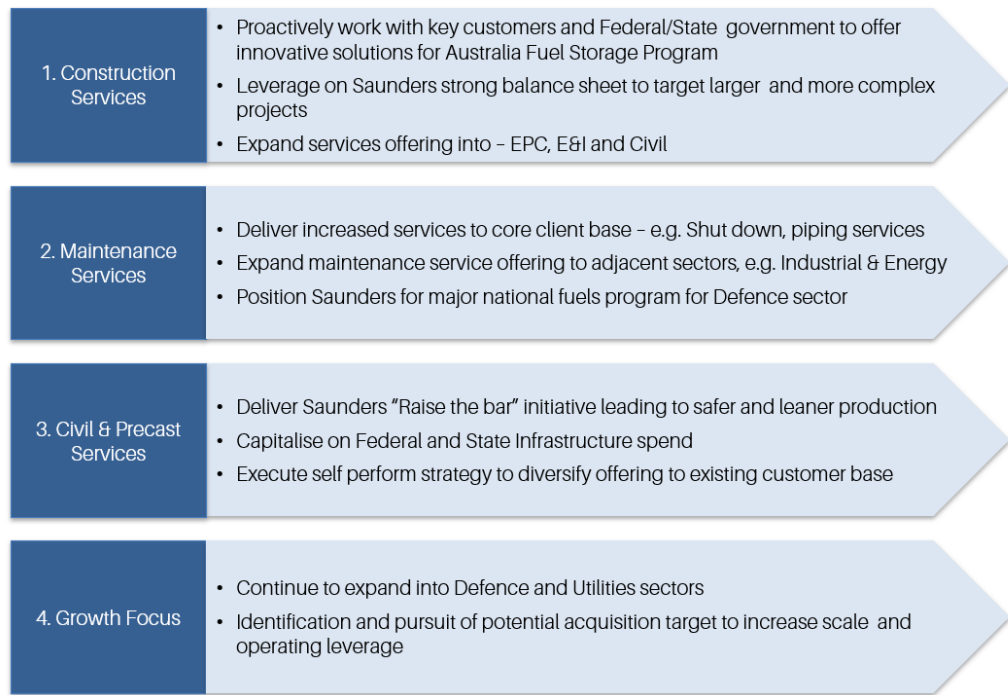
Our order book remains strong after the first quarter of FY21 and at the 30 September 2020 is valued at \$103 million.

With over 85% of our expected FY21 revenue already committed we are in a great position to deliver on our revenue and EBIT expectations for the year.

There are a further \$622 million of project opportunities in our pipeline and we are continuing to see increased activity across all the sectors we operate in.

Our diversity and strengthening market position across different sectors, should protect us against challenges that may arise in the Australian market.

Strategic Objectives



Let's turn to our strategic objectives.

Our five year strategy set in 2020 was built on three pillars, FIX, GROW and ACQUIRE. As discussed, the FIX phase is now complete, and we are continuing on the sustainable GROWTH phase. The business is now in a position to enter the ACQUIRE phase, we will look at new and adjacent business opportunities that will add scale and operating leverage to the business ensuring shareholder returns are achieved.

Our focus in the Construction sector for this year is to;

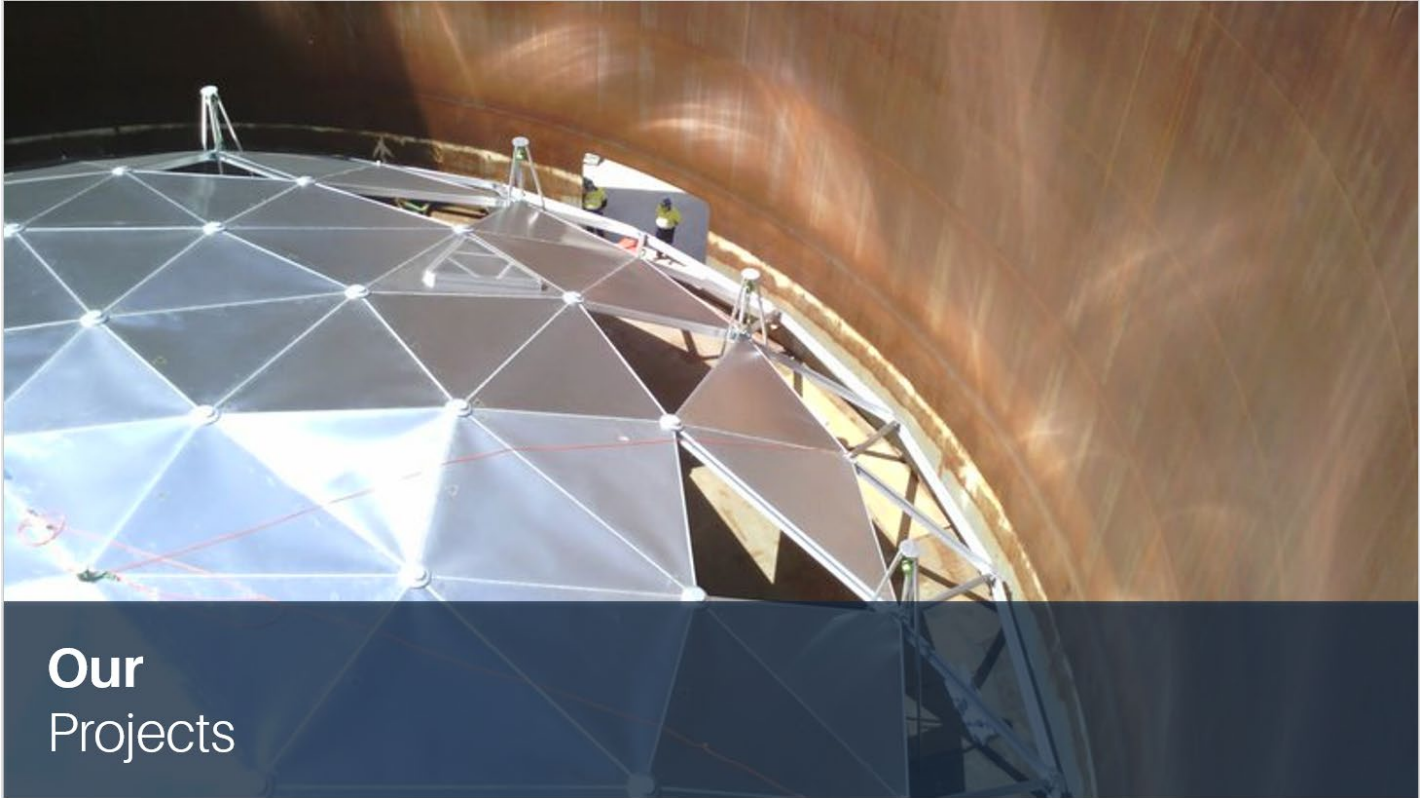
1. capitalise on our recent major projects wins and continue to replace these with equivalent projects.
2. Continue working with our customers and the Government to offer local innovative solutions for the Australian Fuel Storage Program and
3. continue to expand our diversified service offering to existing and new customers.

Our focus in the Maintenance sector for this year is to;

1. deliver more services to our existing client base
2. expand our service offering to new sectors including Energy and Industrial, and
3. work with key entities to ensure that the business is well placed to provide services for the upcoming Defence Fuels Installation program.

Our focus in the Civil and Precast sector for this year include;


1. delivery of safer and leaner precast production through our Raise the bar initiative.
2. continue to work with our current Local Government authorities to capitalise on continued Government spend and
3. continue to self perform civil works for our construction projects and provide services for the upcoming Defence Fuels Installation program.




Our Projects

I will now take you through our projects which will include a summary of the recent projects awarded in FY21 and an overview of the project from FY20.

New Project Wins FY21



Client	Laing O'Rourke Australia	
Value	circa \$26 million	
Description	Larrakeyah Defence Precinct, NT <ul style="list-style-type: none"> • Construction of 2 x 1.75 ML stainless steel diesel storage tanks and ancillary equipment • Construction of DFI- fuel facility site-wide diesel fuel system including piping, valves, supports, wharf cope points and supplementary equipment and their connections to the various systems around the tank compound. • Construction of DFI-M tank farm pump facility including shelter, platforms, mechanical and electrical. 	

In September we announced Saunders was awarded a new project for Laing O'Rourke in the Defence sector:

The project is located at the Larrakeyah Defence site in Darwin and the contract value is approximately \$26 million. This contract is a significant win for our defence sector strategy and demonstrates Saunders ability to deliver multidisciplined services through our renewed operating model. The services we will perform on this project includes the construction of two tanks, installation of fuel systems and pump facilities and the construction of electrical and instrumentation services across the site.

Saunders has commenced the design works and we expect to be on site in Q2 2021 with revenue continuing through to FY23.

This project adds to Saunders presence in Darwin with our current contract with the NOVA NACAP JV.

New Project Wins FY21 \$10 million

Narrabri Council



Ventia Boral Amey - Flat Rock Creek



Mandalong Mine



Parramatta Light Rail

We have continued the momentum in FY21 and added a further \$10m of contract wins.

These contracts wins are spread across the Group.


These projects include:


- A contract for CPB Downer JV as part of the Parramatta Light Rail project. The scope of work includes the manufacturing of reinforced concrete components for four bridges at James Ruse Drive, Lemmington Road and Bridge Street, as well as all the retaining walls along the light rail route. This project will be completed in Q1 FY22.
- A contract for the construction of a 34 metre modular steel bridge for the Ventia Boral Amey JV as part of the Steward Maintenance Contract with the RMS. The scope of works for the Flat Rock Creek project includes demolition of the existing bridge, piling, manufacture of precast abutments and roadworks. The project will be complete in Q2 FY21.
- A contract with Cummins South Pacific for the mechanical installation of an 8 megawatt waste gas fired power station at Mandalong Mine, based on the Central Coast of NSW.
- A contract with Sydney Trains as part of the Sydney Harbour Bridge Railway Deck Upgrade. The scope of works is to supply precast track panels for the rail line refurbishment program, this will be complete in Q4 FY21.
- A contract with Narrabri Council for the demolition, design and construction of multiple bridges, the scope includes the demolition of two bridges at Waterloo Creek and Woomera Creek and the demolition, design and construction of two separate two lane bridges at Horesarm Creek and Spring Creek.

We have been notified that Saunders is the preferred contractor for a further 4 opportunities in the Civil and Defence sectors valued at a combined value \$5.5 million.

The following slides will provide an overview of projects currently being completed by the Group.

Construction Services



Client	Sydney Water	
Value	circa \$15 million	
Description	<ul style="list-style-type: none"> • Scope of works includes detailed design, civil foundation, construction of a new welded steel reservoir (84m diameter x 13m high), electrical & instrumentation and commissioning works • Currently under construction and is forecast to be completed in Q4 FY21. 	



Client	Dialog/VOPAK	
Value	circa \$20 million	
Description	<ul style="list-style-type: none"> • Scope of works for the contract includes design, civil foundation, construction of three 35 Megalitre multi purpose tanks with Geodesic Dome roofs. • Currently under construction and is forecast to be completed in Q4 FY21. 	

The project for Sydney Water is an 84m diameter reservoir which is progressing on schedule.

The Vopak project at Botany is to build 3 x 35 megaliter tanks and is also progressing well. This project is approximately 50% complete with completion forecast in Q4 FY21.

Construction Services Defence



Client	NAVFAC	
Value	circa \$7 million	
Description	<ul style="list-style-type: none"> • Scope of works is the construction of two cut and cover fuel storage tanks for the Naval Facilities Engineering Command Pacific (NAVFAC). • Mobilisation to site will commence in Q1 2021 with works to be completed by FY22. 	



Client	Lendlease Building Pty Limited	
Value	circa \$5 million	
Description	<ul style="list-style-type: none"> • Scope of works includes design supply and installation of two new tanks, including the coordination of the interfacing trades including fire systems and electrical subcontractors. • Construction has commenced with works to be completed by FY21. • This is the second Defence contract awarded to Saunders International by Lendlease. 	

The project in Darwin for NAVFAC is to build two cut and cover fuel storage tanks which has been delayed until March 2021 due to onsite delays not related to Saunders. This project will contribute revenue through FY21 and into FY22.

The Garden Island project is to build two tanks, and construction works have commenced. We are forecasting this project to be completed in FY21.

Civil Fabrication



Client	JHCPBG JV
Value	circa \$11.3million
Description	<ul style="list-style-type: none"> • Scope of works is to supply precast components to the Sydney Metro project. • Sydney Metro is Australia's largest public transport project, consisting of 31 metro stations and more than 66 kilometres of new metro rail. • Saunders are involved in the supply to Chatswood, Marrickville and Barangaroo sites.



Client	Rozelle Interchange
Value	circa \$2.0million
Description	<ul style="list-style-type: none"> • Scope of works is to supply prestressed planks and super T's for the Rozelle interchange at Victoria Road NSW for Westconnex.




The Sydney metro project is for the supply of pre-stressed beams for Barangaroo, Marrickville and Chatswood railways stations and will be complete at the end of FY21.


The Rozelle interchange project is for the supply of planks and supers Ts as part of the Westconnex project.

Civil Construction



Client	Mid Coast Council	
Value	circa \$4.3 million	
Description	<ul style="list-style-type: none"> • Early stages of construction for 3 x bridges awarded by Mid Coast Council. • Consists of the removal and replacement of 3 x aged timber bridges, with new pre-cast concrete structures, all of which will be performed by the Saunders Civilbuild team. • The works are funded through the federal government's bridge replacement program and council's capital works program. 	



Client	John Holland Rail Martins Creek	
Value	circa \$2.5 million	
Description	<ul style="list-style-type: none"> • This contract is to replace an existing timber bridge, with a newly constructed pre-cast concrete single span bridge over the North Coast rail line at Martins Creek. • In addition to the Bridge construction, Saunders are also completing demolition, roadworks and foundation works for this project. • This is the 3rd project awarded to Saunders by John Holland and the 2nd Bridge replacement in Martins Creek. 	


We were awarded 3 bridges for Mid coast council and all 3 bridges are in the construction phase and will be completed in Q3 2021.


The project at Martins Creek for John Holland is for the construction of a single span bridge over the North coast railway line and will be completed this month.

Maintenance Services



Client	Australian Paper Mill (Nippon Paper Group)	
Value	circa \$2 million	
Description	<ul style="list-style-type: none">• Scope of works for major plant shutdown outage included engineering, project management, mechanical maintenance, furnace and boiler maintenance, pressure welding, valve overhauls and upgrades, pipe manufacture and installation, pressure welding on a T&M contract.• The project was completed in the tight timeline with zero safety incidents.	




Client	BP Bulwer Island	
Value	circa \$2.8 million.	
Description	<ul style="list-style-type: none">• The scope of work entails the installation and testing of SMP piping works associated with on BP Bulwer Island.• Included in the scope is also the installation of structural steel platforms, pipe support bridges, mechanical pumps and large valves.	

Our Maintenance team completed shutdowns for Australian Paper in Q2 this year, and they have just completed their second structural, mechanical and piping package for BP at Bulwer Island.

Maintenance Services



Client	BP Bulwer Island 
Value	\$8.1 million Stage 1 complete \$12.5 million Stage 2 commenced
Description	<ul style="list-style-type: none"> Scope consists of civil and mechanical works; which include partial floor replacement, primary and secondary roof seals, floating roof repairs, internal and external protective treatment, tank foundation repairs, berm repairs, painting and testing.



Client	Rio Tinto Yarwun 
Value	circa \$30 million (Portion 1 \$11m, Portion 2 \$19m)
Description	<ul style="list-style-type: none"> Saunders was awarded the Separable Portion 1 of the Stage 1 Precipitation Tank Repair contract for Rio Tinto's Yarwun alumina refinery near Gladstone, QLD. Due to COVID-19 impacts and other operational constraints by Rio, Separable Portion 2 was not issued to Saunders under the current commercial model and as such we have commenced demobilising from site.

The major tank maintenance package for BP at Bulwer Island is underway and progressing well. This project will continue until Q2 FY22.

The Rio Tinto Yarn project has been disrupted due to COVID-19 and the implemented shift changes and project delays. This created production schedule clashes impacting tank availability between Portion 1 and Portion 2. Due to these changes Rio chose to remove the tanks in Portion 2 from our Target Cost contract. This Portion of work was put out as a lump sum tender, unfortunately this has been awarded to another company.

Saunders has currently completed tanks in Portion 1 and are demobilising from site. The change to our reported order book for FY21 for this project is approximately \$12 million in revenue, which has now has been replaced with new projects, mentioned earlier.

Our Outlook

FY21 Outlook

- FY21 budget is based upon a revenue target of \$100m with EBIT margin of 3.75% to 4.75%
- Board's objective is to resume fully franked dividend payments in FY21

FY21 and Forward thematic

- Strong infrastructure spend to continue as both Federal and State Governments stimulate the economy during the COVID-19 pandemic
- A return to rational margin pricing in construction services due to reduced competitive capacity of several key competitors in this sector.
- Saunders well positioned to continue to win work at profitable margins

Strategic Objectives

- Maintain focus of integrated service offering across key sites/customers.
- Sustainable expansion of mechanical maintenance offering into new sectors.
- Leverage civil construction and fabrications services for geographical expansion.
- Accelerate growth in Defence sector.
- Evaluate acquisition options.

Balance Sheet

- Maintain strong net cash position and utilise the increased bonding facilities to take on larger contracts.

COVID-19

- The group has developed and implemented policies and protocols across all sites to ensure the business is best placed to mitigate impacts of COVID-19. This uncertainty has created risks and conditions that the Group has not encountered before. As a result there will be a continual assessment of the impacts of COVID-19 on the financial statements arising from this major global risk.

FY20 was a year of executing to our strategic plan with our project teams focussed on delivering operational excellence. Our development and proposals teams worked hard on securing our future growth through converting our pipeline of opportunities into contracts.

Turning to the FY21 outlook:

- The business has a solid foundation for growth with a strong order book and pipeline of opportunities. We are experiencing strong growth in both our core and emerging services.
- The recent Federal budget has reported a continued spend in the Civil Infrastructure sector.
- There was also a specific budget allocation to increase the Australian fuel reserves. We are working with our customers and government to ensure Saunders is well placed to assist with this initiative.
- We will continue our focus in the Defence sector with Government spend forecasted to increase to be 2% of GDP.
- Our strengthened financial capacity will increase our ability to continue to win and deliver larger and more complex projects.
- Whilst we continue to deliver on our recent growth, the economic outlook both locally and internationally remains uncertain due to COVID-19. Although the COVID-19 pandemic is likely to lead to further economic stimulus, which should be positive for Saunders, the financial performance of the Group will be dependent on how the continued pandemic impacts our clients and our people.

With \$36m in new contract wins we remain confident of achieving our FY21 guidance, subject to the ongoing uncertainty in relation to the economic impacts of the COVID-19 pandemic.



In closing, I would like to thank my management team and all Saunders employees for all their hard work throughout the year, in returning the business into profit and establishing a solid base for further growth.

My thanks to the Board and our shareholders for your continued support and confidence in the future of Saunders International.

Thank you, I will now handover to Tim to conduct the formal business.

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